

2

Debits and Credits: Analyzing and Recording Business Transactions

ANSWERS TO DISCUSSION QUESTIONS AND CRITICAL THINKING/ETHICAL CASE

1. A ledger is a group of accounts that records in monetary value the data from business transactions.
2. The left-hand side is always the debit side. It is an arbitrary rule.
3. False. Accounts with one entry will not need footings.
4. The financial statements are the end products of the accounting process.
5. The transaction analysis chart is a teaching device that is not used in the regular accounting process.
6. Which accounts are affected? In which categories do the accounts belong? Are the accounts increasing or decreasing? What do the rules of debit and credit say? What does the T-account look like?
7. Disagree. Computers will record debits and credits based on the account type.
8. False. The trial balance is an informal report that does not have the same status as financial statements. The trial balance is used to verify the equality of total debits and credits and prepare the financial statements.
9. The financial statements are prepared from the ending balances of the accounts (debit or credit) in the ledger. The columns on financial statements are used for listing amounts and for subtotaling.
10. It is easier to prepare the reports from the trial balance rather than the expanded accounting equation because the trial balance lists all accounts and their balances. The columns for revenue, expenses, etc., in the expanded accounting equation do not list specific titles and their balances.
11. The question in this case is whether Joshua should be allowed to put fictitious figures into the trial balance. I would not support this type of behavior. His behavior is extremely unprofessional and goes against professional ethical standards. Instead of putting in fictitious figures, Joshua should stay late and correct the trial balance. He could also ask for help.

SOLUTIONS TO CONCEPT CHECKS

1. The ending balance in Cash is \$19,500(debit balance). The ending balance in C. Rice, Capital is \$18,000(credit balance).

Cash 110	
6/24 8,000	500 6/26
6/28 12,000	
20,000	500
Bal. 19,500	

C. Rice, Capital 311	
	11,000 6/1
	6,000 6/8
	1,000 6/22
	18,000 Bal.

2.

Category	Incr.	Decr.	Normal Bal.
A. Liability	Cr.	Dr.	Cr.
B. Revenue	Cr.	Dr.	Cr.
C. Asset	Dr.	Cr.	Dr.
D. Capital	Cr.	Dr.	Cr.
E. Withdrawal	Dr.	Cr.	Dr.
F. Asset	Dr.	Cr.	Dr.
G. Expense	Dr.	Cr.	Dr.

3.

Account	Category	Increase/Decrease	Dr. or Cr.	T Accounts
				<div>Cash</div> <div>600</div>
Cash	Asset	↑	Dr.	
				<div>Acc. Rec.</div> <div>2,900</div>
Accounts Receivable	Asset	↑	Dr.	
				<div>Design Fees Earned</div> <div>3,500</div>
Design Fees Earned	Revenue	↑	Cr.	

4. Cash
Accounts Receivable
Office Equipment
Accounts Payable
B. O'Mally, Capital
B. O'Mally, Withdrawals
Hair Salon Fees Earned
Selling Expense
Salary Expense
Advertising Expense
5. A.BS
B.BS
C.BS
D.BS
E.OE
F.OE
G.IS
H.IS
I. IS
J.IS
K.IS

SOLUTIONS TO SET A EXERCISES

2A-1. Balance Sheet Accounts

Assets

- 111 Cash
- 112 Accounts Receivable
- 121 Office Equipment (Microsoft Surface Tablet)

Liabilities

- 211 Accounts Payable

Owner's Equity

- 311 L. Janas, Capital
- 312 L. Janas, Withdrawals

Income Statement Accounts

Revenue

- 411 Legal Fees

Expenses

- 511 Salary Expense
- 512 Repair Expense
- 513 Advertising Expense

2A-2.

1. Accounts Affected	2. Category	3. ↑↓	4. Rules	5. T-Account Update
Computer Equipment	Asset	↑	Dr.	<div>Computer Equipment</div> <hr/> <div>26,000</div>
Cash	Asset	↓	Cr.	<div>Cash</div> <hr/> <div>9,000</div>
Accounts Payable	Liability	↑	Cr.	<div>Accounts Payable</div> <hr/> <div>17,000</div>

EXERCISES (CONTINUED)

2A-3.

ACCOUNT	CATEGORY	↑	↓	FINANCIAL STATEMENT
Computer Supplies	Asset	Dr.	Cr.	Balance Sheet
Legal Fees Earned	Revenue	Cr.	Dr.	Income Statement
P. Roy, Withdrawals	Withdrawal	Dr.	Cr.	Statement of Owner's Equity
Accounts Payable	Liability	Cr.	Dr.	Balance Sheet
Salaries Expense	Expense	Dr.	Cr.	Income Statement
Auto	Asset	Dr.	Cr.	Balance Sheet

2A-4.

	Dr.	Cr.
A.	8	1
B.	6	1
C.	9	4
D.	1	7
E.	10	1
F.	3	5
G.	2	7
H.	1	2
I.	3	4

EXERCISES (CONTINUED)

2A-5.

(1)

HELM'S CLEANERS INCOME STATEMENT FOR MONTH ENDED MARCH 31, 201X

Revenue:									
Cleaning Fees						\$	4	6	6
Operating Expenses:									
Salaries Expense	\$	1	2	5					
Utilities Expense		1	6	2					
Total Operating Expenses							2	8	7
Net Income						\$	1	7	9

(2)

HELM'S CLEANERS STATEMENT OF OWNER'S EQUITY FOR MONTH ENDED MARCH 31, 201X

J. Helm, Capital, March 1, 201X						\$	7	2	6
Net Income for March	\$	1	7	9					
Less: Withdrawals for March		(5	5)					
Increase in Capital							1	2	4
J. Helm, Capital, March 31, 201X						\$	8	5	0

(3)

HELM'S CLEANERS BALANCE SHEET MARCH 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Cash	\$	7	5	0	Liabilities				
Equipment		5	0	0	Accounts Payable	\$	4	0	0
					Owner's Equity				
					J. Helm, Capital		8	5	0
					Total Liabilities and				
Total Assets	\$1	2	5	0	Owner's Equity	\$1	2	5	0

SOLUTIONS TO SET B EXERCISES

2B-1. Balance Sheet Accounts

Assets

- 111 Cash
- 112 Accounts Receivable
- 121 Office Equipment (Apple iPad)

Liabilities

- 211 Accounts Payable

Owner's Equity

- 311 L. Jones, Capital
- 312 L. Jones, Withdrawals

Income Statement Accounts

Revenue

- 411 Legal Fees Earned

Expenses

- 511 Salary Expense
- 512 Rent Expense
- 513 Advertising Expense

2B-2.

1. Accounts Affected	2. Category	3. ↑↓	4. Rules	5. T-Account Update
Computer Equipment	Asset	↑	Dr.	<div>Computer Equipment</div> <hr/> <div>28,000</div>
Cash	Asset	↓	Cr.	<div>Cash</div> <hr/> <div>8,000</div>
Accounts Payable	Liability	↑	Cr.	<div>Accounts Payable</div> <hr/> <div>20,000</div>

EXERCISES (CONTINUED)

2B-3.

ACCOUNT	CATEGORY	↑	↓	FINANCIAL STATEMENT
Office Supplies	Asset	Dr.	Cr.	Balance Sheet
Rental Fees Earned	Revenue	Cr.	Dr.	Income Statement
A. Troy, Withdrawals	Withdrawal	Dr.	Cr.	Statement of Owner's Equity
Accounts Payable	Liability	Cr.	Dr.	Balance Sheet
Wage Expense	Expense	Dr.	Cr.	Income Statement
Computer	Asset	Dr.	Cr.	Balance Sheet

2B-4.

	Dr.	Cr.
A.	8	1
B.	6	1
C.	9	4
D.	1	7
E.	10	1
F.	3	5
G.	2	7
H.	1	2
I.	3	4

EXERCISES (CONTINUED)

2B-5.

(1)

HILTON'S CLEANERS INCOME STATEMENT FOR MONTH ENDED JANUARY 31, 201X

Revenue:									
Cleaning Fees						\$	4	6	0
Operating Expenses:									
Salaries Expense	\$	1	1	0					
Utilities Expense		1	7	1					
Total Operating Expenses							2	8	1
Net Income						\$	1	7	9

(2)

HILTON'S CLEANERS STATEMENT OF OWNER'S EQUITY FOR MONTH ENDED JANUARY 31, 201X

J. Hilton, Capital, January 1, 201X						\$	8	6	6
Net Income for January	\$	1	7	9					
Less: Withdrawals for January		(2	5	0)					
Decrease in Capital							(7	1)	
J. Hilton, Capital, January 31, 201X						\$	7	9	5

(3)

HILTON'S CLEANERS BALANCE SHEET JANUARY 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Cash	\$	7	5	0	Liabilities				
Equipment		5	0	0	Accounts Payable	\$	4	5	5
					Owner's Equity				
					J. Hilton, Capital		7	9	5
					Total Liabilities and				
Total Assets	\$1	2	5	0	Owner's Equity	\$1	2	5	0

SOLUTIONS TO SET A PROBLEMS

PROBLEM 2A-1

Accounts Affected	Category	Inc. ↑	Dec. ↓	Rules	T-Account update	
A. Cash	Asset	↑		Dr.	Cash	Brent Omara, Capital
					(A) 45,000	45,000 (A)
Brent Omara, Capital	Capital*	↑		Cr.		
B. Delivery Trucks	Asset	↑		Dr.	Delivery Trucks	Accounts Payable
					(B) 5,000	5,000 (B)
Accounts Payable	Liability	↑		Cr.		
C. Rent Expense	Expense	↑		Dr.	Rent Expense	Accounts Payable
					(C) 1,000	5,000 (B) 1,000 (C)
Accounts Payable	Liability	↑		Cr.		
D. Cash	Asset	↑		Dr.	Cash	Delivery Fees Earned
					(A) 45,000 (D) 1,200	1,200 (D)
Delivery Fees Earned	Revenue	↑		Cr.		
E. Accounts Receivable	Asset	↑		Dr.	Accounts Receivable	Delivery Fees Earned
					(E) 1,010	1,200 (D) 1,010 (E)
Delivery Fees Earned	Revenue	↑		Cr.		
F. Brent Omara, Withdrawals	Withdrawal*	↑		Dr.	Brent Omara, Withdrawals	Cash
					(F) 1,000	(A) 45,000 (D) 1,200 1,000 (F)
Cash	Asset	↓		Cr.		

* A subdivision of Owner's Equity

PROBLEM 2A-2

Cash 111	
(A) 34,000	80 (D)
(C) 3,100	650 (E)
	600 (G)

Office Equipment 121	
(B) 1,000	

Accounts Payable 211	
(G) 600	1,000 (B)
	900 (F)

Bud Peters, Capital 311	
	34,000 (A)

Bud Peters, Withdrawals 312	
(D) 80	

Consulting Fees Earned 411	
	3,100 (C)

Advertising Expense 511	
(E) 650	

Rent Expense 512	
(F) 900	

PROBLEM 2A-3

(a)

Cash 111	Accounts Payable 211	Cleaning Fees Earned 411
(A) 17,000	(D) 600	
(G) 5,500	1,400 (C)	11,000 (B)
	800 Bal	
22,500		
Bal 21,040		
1,460		
Accounts Receivable 112	Brian Jett, Capital 311	Rent Expense 511
(B) 11,000	17,000 (A)	(F) 100
Bal 5,500		
Office Equipment 121	Brian Jett, Withdrawals 312	Utilities Expense 512
(C) 1,400	(I) 320	(E) 100
(H) 340		
Bal 1,740		

(b)

BRIAN'S CLEANING SERVICE TRIAL BALANCE OCTOBER 31, 201X

	Dr.	Cr.
Cash	21 0 4 0	
Accounts Receivable	5 5 0 0	
Office Equipment	1 7 4 0	
Accounts Payable		8 0 0
Brian Jett, Capital		17 0 0 0
Brian Jett, Withdrawals	3 2 0	
Cleaning Fees Earned		11 0 0 0
Rent Expense	1 0 0	
Utilities Expense	1 0 0	
Totals	28 8 0 0	28 8 0 0

PROBLEM 2A-4

(a)

GABRIELLA LEITZ, ATTORNEY AT LAW
INCOME STATEMENT
FOR MONTH ENDED JANUARY 31, 201X

Revenue:									
Revenue from Legal Fees						\$1	6	0	0
Operating Expenses:									
Utilities Expense	\$	1	5	0					
Rent Expense		3	5	0					
Salaries Expense		1	5	0					
Total Operating Expenses							6	5	0
Net Income						\$	9	5	0

(b)

GABRIELLA LEITZ, ATTORNEY AT LAW
STATEMENT OF OWNER'S EQUITY
FOR MONTH ENDED JANUARY 31, 201X

G. Leitz, Capital, January 1, 201X						\$4	6	0	0
Net Income for January	\$	9	5	0					
Less: Withdrawals for January		(4	0	0)					
Increase in Capital							5	5	0
G. Leitz, Capital, January 31, 201X						\$5	1	5	0

(c)

GABRIELLA LEITZ, ATTORNEY AT LAW
BALANCE SHEET
JANUARY 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY									
Cash	\$7	0	0	0		Liabilities								
Accounts Receivable		8	0	0		Accounts Payable				\$2	2	0	0	
Office Equipment		5	0	0		Salaries Payable					9	5	0	
						Total Liabilities						3	1	5
						Owner's Equity								
						G. Leitz, Capital						5	1	5
						Total Liabilities and Owner's Equity								
Total Assets	\$8	3	0	0								\$8	3	0

PROBLEM 2A-5

(1, 2)

Cash 111		Accounts Payable 211		Advertising Expense 511	
(A) 20,000	1,300 (C)		6,000 (B)	(D) 250	
(E) 2,600	250 (D)		700 (I)		
(J) 100	650 (F)		6,700		
	1,600 (G)				
	700 (K)				
22,700	4,500				
18,200					
Accounts Receivable 112		Amy Alto, Capital 311		Gas Expense 512	
(H) 1,500	100 (J)		20,000 (A)	(G) 1,600	
1,400					
Office Equipment 121		Amy Alto, Withdrawals 312		Salaries Expense 513	
(C) 1,300		(K) 700		(F) 650	
Delivery Trucks 122		Delivery Fees Earned 411		Telephone Expense 514	
(B) 6,000			2,600 (E)	(I) 700	
			1,500 (H)		
			4,100		

PROBLEM 2A-5 (CONTINUED)

(3)

**ALTO'S DELIVERY SERVICE
TRIAL BALANCE
OCTOBER 31, 201X**

	Dr.					Cr.				
Cash	18	2	0	0						
Accounts Receivable	1	4	0	0						
Office Equipment	1	3	0	0						
Delivery Trucks	6	0	0	0						
Accounts Payable						6	7	0	0	
A. Alto, Capital						20	0	0	0	
A. Alto, Withdrawals		7	0	0						
Delivery Fees Earned						4	1	0	0	
Advertising Expense		2	5	0						
Gas Expense	1	6	0	0						
Salaries Expense		6	5	0						
Telephone Expense		7	0	0						
Totals	30	8	0	0		30	8	0	0	

(4a)

**ALTO'S DELIVERY SERVICE
INCOME STATEMENT
FOR MONTH ENDED OCTOBER 31, 201X**

Revenue:										
Delivery Fees Earned						\$4	1	0	0	
Operating Expenses:										
Advertising Expense	\$	2	5	0						
Gas Expense	1	6	0	0						
Salaries Expense		6	5	0						
Telephone Expense		7	0	0						
Total Operating Expenses						3	2	0	0	
Net Income						\$	9	0	0	

PROBLEM 2A-5 (CONCLUDED)

(4b)

**ALTO'S DELIVERY SERVICE
STATEMENT OF OWNER'S EQUITY
FOR MONTH ENDED OCTOBER 31, 201X**

A. Alto, Capital, October 1, 201X						\$			0	
Investment in October						20	0	0	0	
Total investment for October						20	0	0	0	
Net Income for October	\$	9	0	0						
Less: Withdrawals for October		(7	0	0)						
Increase in Capital							2	0	0	
A. Alto, Capital, October 31, 201X						\$20	2	0	0	

(4c)

**ALTO'S DELIVERY SERVICE
BALANCE SHEET
OCTOBER 31, 201X**

ASSETS						LIABILITIES AND OWNER'S EQUITY					
Cash	\$18	2	0	0		Liabilities					
Accounts Receivable	_1	4	0	0		Accounts Payable	\$ 6	7	0	0	
Office Equipment	_1	3	0	0							
Delivery Trucks	_6	0	0	0		Owner's Equity					
						A. Alto, Capital	20	2	0	0	
						Total Liabilities and					
Total Assets	\$26	9	0	0		Owner's Equity	\$26	9	0	0	

SOLUTIONS TO SET B PROBLEMS

PROBLEM 2B-1

Accounts Affected	Category	Inc. ↑	Dec. ↓	Rules	T-Account update	
A. Cash	Asset	↑		Dr.	Cash	B. Orwell, Capital
					(A) 50,000	50,000 (A)
B. Orwell, Capital	Capital	↑		Cr.		
B. Delivery Trucks	Asset	↑		Dr.	Delivery Trucks	Accounts Payable
					(B) 13,000	13,000 (B)
Accounts Payable	Liability	↑		Cr.		
C. Rent Expense	Expense	↑		Dr.	Rent Expense	Accounts Payable
					(C) 1,100	13,000 (B) 1,100 (C)
Accounts Payable	Liability	↑		Cr.		
D. Cash	Asset	↑		Dr.	Cash	Delivery Fees Earned
					(A) 50,000 (D) 2,500	2,500 (D)
Delivery Fees Earned	Revenue	↑		Cr.		
E. Accounts Receivable	Asset	↑		Dr.	Accounts Receivable	Delivery Fees Earned
					(E) 1,200	2,500 (D) 1,200 (E)
Delivery Fees Earned	Revenue	↑		Cr.		
F. B. Orwell, Withdrawals	Withdrawal	↑		Dr.	B. Orwell, Withdrawals	Cash
					(F) 400	(A) 50,000 (D) 2,500 400 (F)
Cash	Asset	↓		Cr.		

PROBLEM 2B-2

Cash 111	
(A) 33,000	150 (D)
(C) 2,000	250 (E)
	600 (G)
Office Equipment 121	
(B) 2,500	
Accounts Payable 211	
(G) 600	2,500 (B)
	500 (F)
Brad Piascik, Capital 311	
	33,000 (A)

Brad Piascik, Withdrawals 312	
(D) 150	
Consulting Fees Earned 411	
	2,000 (C)
Advertising Expense 511	
(E) 250	
Rent Expense 512	
(F) 500	

PROBLEM 2B-3

(a)

Cash 111		Accounts Payable 211		Cleaning Fees Earned 411	
7,000 (A)	400 (D)	400 (D)	2,100 (C)		11,000 (B)
2,000 (G)	500 (E)		1,700 Bal.		
	550 (F)				
	550 (H)				
	320 (I)				
9,000	2,320				
Bal. 6,680					
Accounts Receivable 112		Brent Jane, Capital 311		Rent Expense 511	
11,000 (B)	2,000 (G)		7,000 (A)	550 (F)	
Bal. 9,000					
Office Equipment 121		Brent Jane, Withdrawals 312		Utility Expense 512	
2,100 (C)		320 (I)		500 (E)	
550 (H)					
Bal. 2,650					

(b)

BRENT'S CLEANING SERVICE TRIAL BALANCE JULY 31, 201X

	Dr.					Cr.				
Cash	6	6	8	0						
Accounts Receivable	9	0	0	0						
Office Equipment	2	6	5	0						
Accounts Payable						1	7	0	0	
Brent Jane, Capital						7	0	0	0	
Brent Jane, Withdrawals		3	2	0						
Cleaning Fees Earned						11	0	0	0	
Rent Expense		5	5	0						
Utilities Expense		5	0	0						
Totals	19	7	0	0		19	7	0	0	

PROBLEM 2B-4

(a)

GAIL LANTZ, ATTORNEY AT LAW
INCOME STATEMENT
FOR MONTH ENDED JULY 31, 201X

Revenue:										
Revenue from Legal Fees						\$1	6	0	0	
Operating Expenses:										
Utilities Expense	\$	1	0	0						
Rent Expense		4	5	0						
Salaries Expense		2	0	0						
Total Operating Expenses							7	5	0	
Net Income						\$	8	5	0	

(b)

GAIL LANTZ, ATTORNEY AT LAW
STATEMENT OF OWNER'S EQUITY
FOR MONTH ENDED JULY 31, 201X

G. Lantz, Capital, July 1, 201X						\$4	7	0	0	
Net Income for July	\$	8	5	0						
Less: Withdrawals for July	(1	1	0	0)						
Decrease in Capital							(2	5	0)	
G. Lantz, Capital, July 31, 201X						\$4	4	5	0	

(c)

GAIL LANTZ, ATTORNEY AT LAW
BALANCE SHEET
JULY 31, 201X

ASSETS
LIABILITIES AND OWNER'S EQUITY

Cash	\$5	0	0	0		Liabilities									
Accounts Receivable		7	5	0		Accounts Payable	\$3	0	0	0					
Office Equipment	2	7	0	0		Salaries Payable	1	0	0	0					
						Total Liabilities					\$4	0	0	0	
						Owner's Equity									
						G. Lantz, Capital					4	4	5	0	
						Total Liabilities and									
Total Assets	\$8	4	5	0		Owner's Equity					\$8	4	5	0	

PROBLEM 2B-5

(1, 2)

<div> <div>Cash111</div> <div> <div>(A) 33,000</div> <div>(E) 3,500</div> <div>(J) 100</div> <div>36,600</div> <div>Bal. 32,800</div> </div> <div> <div>1,100 (C)</div> <div>250 (D)</div> <div>750 (F)</div> <div>1,000 (G)</div> <div>700 (K)</div> <div>3,800</div> </div> </div>	<div> <div>Accounts Payable211</div> <div> <div>13,000 (B)</div> <div>50 (I)</div> <div>Bal. 13,050</div> </div> </div>	<div> <div>Advertising Expense511</div> <div> <div>(D) 250</div> </div> </div>
<div> <div>Accounts Receivable112</div> <div> <div>(H) 800</div> <div>Bal. 700</div> </div> <div>100 (J)</div> </div>	<div> <div>Audrey Avery, Capital311</div> <div> <div>33,000 (A)</div> </div> </div>	<div> <div>Gas Expense512</div> <div> <div>(G) 1,000</div> </div> </div>
<div> <div>Office Equipment121</div> <div> <div>(C) 1,100</div> </div> </div>	<div> <div>Audrey Avery, Withdrawals312</div> <div> <div>(K) 700</div> </div> </div>	<div> <div>Salaries Expense513</div> <div> <div>(F) 750</div> </div> </div>
<div> <div>Delivery Trucks122</div> <div> <div>(B) 13,000</div> </div> </div>	<div> <div>Delivery Fees Earned411</div> <div> <div>3,500 (E)</div> <div>800 (H)</div> <div>Bal. 4,300</div> </div> </div>	<div> <div>Telephone Expense514</div> <div> <div>(I) 50</div> </div> </div>

PROBLEM 2B-5 (CONTINUED)
(3)

AVERY'S DELIVERY SERVICE
TRIAL BALANCE
OCTOBER 31, 201X

	Dr.				Cr.			
Cash	32	8	0	0				
Accounts Receivable		7	0	0				
Office Equipment	1	1	0	0				
Delivery Trucks	13	0	0	0				
Accounts Payable					13	0	5	0
Audrey Avery, Capital					33	0	0	0
Audrey Avery, Withdrawals		7	0	0				
Delivery Fees Earned					4	3	0	0
Advertising Expense		2	5	0				
Gas Expense	1	0	0	0				
Salaries Expense		7	5	0				
Telephone Expense			5	0				
Totals	50	3	5	0	50	3	5	0

(4a)

AVERY'S DELIVERY SERVICE
INCOME STATEMENT
FOR MONTH ENDED OCTOBER 31, 201X

Revenue:									
Delivery Fees Earned						\$4	3	0	0
Operating Expenses:									
Advertising Expense	\$	2	5	0					
Gas Expense	1	0	0	0					
Salaries Expense		7	5	0					
Telephone Expense			5	0					
Total Operating Expenses						2	0	5	0
Net Income						\$2	2	5	0

PROBLEM 2B-5 (CONCLUDED)
(4b)

AVERY'S DELIVERY SERVICE
STATEMENT OF OWNER'S EQUITY
FOR MONTH ENDED OCTOBER 31, 201X

Audrey Avery, Capital, October 1, 201X						\$			0	
Investment in October						33	0	0	0	
Total investment for October						33	0	0	0	
Net Income for October	\$2	2	5	0						
Less: Withdrawals for October		(7	0	0)						
Increase in Capital						1	5	5	0	
Audrey Avery, Capital, October 31, 201X						\$34	5	5	0	

(4c)

AVERY'S DELIVERY SERVICE
BALANCE SHEET
OCTOBER 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Cash	\$32	8	0	0	Liabilities				
Accounts Receivable		7	0	0	Accounts Payable	\$13	0	5	0
Office Equipment	1	1	0	0	Owner's Equity				
Delivery Trucks	13	0	0	0	Audrey Avery, Capital	34	5	5	0
					Total Liabilities and				
Total Assets	\$47	6	0	0	Owner's Equity	\$47	6	0	0

FINANCIAL REPORT PROBLEM SOLUTION—2016 Amazon.com's Annual Report

Year	Accounts Payable
2016	\$25,309 million
2015	<u>\$20,397 million</u>
Increase	<u>\$4,912 million</u>

Accounts Payable increased by \$4.912 billion in 2016. The change means Amazon.com, Inc. owes more to suppliers in 2016 than 2015. Accounts Payable is a liability that increases with a credit.

KEEPING IT REAL--Suarez Computer Center Solution

Assignments 1-3

Cash 1000 10,540 (bal) 1,400 (p) 300 (l) 50 (m) 500 (n) 100 (q) 20 (r) 11,940 10,970 (bal)	Accounts Receivable 1020 1,100 (o)	Supplies 1030 500 (bal) 500 (s) 1,000 (bal)	Computer Shop Equipment 1080 1,260 (bal)
Office Equipment 1090 1,500 (bal)	Accounts Payable 2000 50 (m) 100 (q) 150 600 (bal) 200 (k) 500 (s) 1,300 1,150 (bal)	Insurance Expense 5060 300 (l)	Falco, Capital 3000 12,500 (bal)
Service Revenue 4000 3,100 (bal) 1,100 (o) 1,400 (p) 5,600 (bal)	Advertising Expense 5010 500(n)	Postage Expense 5070 20 (r)	Rent Expense 5020 800 (bal)
Falco, Withdrawals 3010 1,500 (bal)	Phone Expense 5040 200(k)	Utilities Expense 5030 100 (bal)	

Assignment 4

SUAREZ COMPUTER CENTER TRIAL BALANCE AUGUST 31, 201X

Dr.

Cr.

Cash	10	9	7	0	00					
Accounts Receivable	_1	1	0	0	00					
Supplies	_1	0	0	0	00					
Computer Shop Equipment	_1	2	6	0	00					
Office Equipment	_1	5	0	0	00					
Accounts Payable						_1	1	5	0	00
Falco, Capital						12	5	0	0	00
Falco, Withdrawals	_1	5	0	0	00					
Service Revenue						_5	6	0	0	00
Advertising Expense		5	0	0	00					
Rent Expense		8	0	0	00					
Utilities Expense		1	0	0	00					
Phone Expense		2	0	0	00					
Insurance Expense		3	0	0	00					
Postage Expense			2	0	00					
Totals	19	2	5	0	00	19	2	5	0	00

Assignment 5

SUAREZ COMPUTER CENTER INCOME STATEMENT FOR THE TWO MONTHS ENDED AUGUST 31, 201X

Revenue:										
Service Revenue						\$ 5	6	0	0	00
Operating Expenses:										
Advertising Expense	\$	5	0	0	00					
Rent Expense		8	0	0	00					
Utilities Expense		1	0	0	00					
Phone Expense		2	0	0	00					
Insurance Expense		3	0	0	00					
Postage Expense			2	0	00					
Total Operating Expenses						1	9	2	0	00
Net Income						\$ 3	6	8	0	00

Assignment 5 (Concluded)

**SUAREZ COMPUTER CENTER
STATEMENT OF OWNER'S EQUITY
FOR THE TWO MONTHS ENDED AUGUST 31, 201X**

Falco, Capital, July 1, 201X						\$			0	00
Investment in July						12	5	0	0	00
Total investment for July						12	5	0	0	00
Net Income	\$ 3	6	8	0	00					
Less: Falco Withdrawals	(1	5	0	0	00)					
Net Increase Capital						2	1	8	0	00
Falco, Capital, August 31, 201X						\$14	6	8	0	00

**SUAREZ COMPUTER CENTER
BALANCE SHEET
AUGUST 31, 201X**

ASSETS

LIABILITIES AND OWNER'S EQUITY

Cash	\$10	9	7	0	00	Liabilities:					
Accounts Receivable	1	1	0	0	00	Accounts Payable	\$ 1	1	5	0	00
Supplies	1	0	0	0	00						
Computer Shop Equipment	1	2	6	0	00	Owner's Equity:					
Office Equipment	1	5	0	0	00	Falco, Capital	14	6	8	0	00
						Total Liabilities and					
Total Assets	\$15	8	3	0	00	Owner's Equity	\$15	8	3	0	00